

MINUTES

MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS AND LABOR

Call to Order: By CHAIRMAN MIKE TAYLOR, on January 19, 2001 at
8:00 A.M., in Room 422 Capitol.

ROLL CALL

Members Present:

Sen. Mike Taylor, Chairman (R)
Sen. Dale Berry (R)
Sen. Edward Butcher (R)
Sen. Vicki Cocchiarella (D)
Sen. Sam Kitzenberg (R)
Sen. Dale Mahlum (R)
Sen. Glenn Roush (D)
Sen. Don Ryan (D)

Members Excused: Sen. Mike Sprague, Vice Chairman (R)

Members Absent: None.

Staff Present: Bart Campbell, Legislative Branch
Kyanne Kelly, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 151, 1/16/2001; SB 121,
1/16/2001; SB 195, 1/16/2001

Executive Action:

HEARING ON SB 151

Sponsor: **SENATOR DALE MAHLUM, SD35, MISSOULA**

Proponents: **Sandra Lawler, The Women's Health Club**
 Riley Johnson,
 Mike Richter, River Bend Athletic club
 Steve Roderick, Club owner, Bozeman
 Lee Paganini, The Missoula Athletic Club
 Dick Dennison, The Missoula Athletic Club
 Ron Muri, Athletic Club, Billings
 Richard Smith, Physical Therapist

Opponents: **SENATOR KIM GILLIAN, HD 11, BILLINGS**
 Jani McCall, City of Billings
 Randy Elgy, Montana Parks and Recreation
 Rod Sundsted, Montana University System
 Steve Hulbert, Western Montana College
 Keith Glaes, University of Montana
 Scott Henderson, Montana Parks and Recreation
 Sarah Cobler, Associated Students, U of M
 Rob Kingery, Helena Lions Swim Team
 Bill Johnston, Alumni Association, U of M

Opening Statement by Sponsor:

SENATOR DALE MAHLUM, SD35, MISSOULA, said this bill provides that for profit business should not be in competition with the state for business.

Proponents' Testimony:

Sandra Lawler, The Women's Health Club, said this bill is designed to ensure a fair playing field. She said that state supported health clubs operate at a 40% tax advantage. She said that a government supported health club would take her tax dollar to support a business which is in competition with her and she is the one paying taxes.

Riley Johnson, Federation of Independent Business, supports this bill.

Mike Richter, River Bend Athletic Club, said any unfair competition will run him out of business. He also said that if he were run out of business by the competition, all the taxes he pays would go away.

Steve Roderick, Club owner, Bozeman, said he doesn't think government should be involved in competition with free enterprise.

Lee Paganini, The Missoula Athletic Club, said the new facility would be a good thing for the University, however, if they are able to sell membership to the community at a cheaper rate it would be unfair competition for his club.

Dick Dennison, The Missoula Athletic Club, said he is not against the new University facility, but doesn't think it is right for them to compete for customers with the private clubs. He said it could be failure by the other clubs.

Ron Muri, Athletic Club, Billings, gave a hand-out that talked about government competition with private enterprise.

EXHIBIT (bus15a01) EXHIBIT (bus15a02)

Richard Smith, Physical Therapist, said the government should not compete with private business.

Opponents' Testimony:

SENATOR KIM GILLIAN, HD 11, BILLINGS, said there would be unintended consequences to this bill. She stated that the way it is written it would basically shut down swimming pools, weight rooms and other physical fitness facilities which are owned by the public. She said there are people who can't afford to join health clubs, and this bill would stop them from being able to use public facilities. She said that section 3 should be struck out.

Jani McCall, City of Billings, said she is concerned about section 3 because there are many physical fitness activities provided by state and local government which would become illegal according to this bill. **EXHIBIT (bus15a03)**

Randy Elgy, Montana Parks and Recreation, said he opposes the bill, especially section 3. He said there are state and local centers and facilities which need to run the business by collection of fees for use. He stated that everyone in the community benefits from these facilities and they also use them for activities other than athletic events.

Rod Sundsted, Montana University System, said his areas of concern are the pool and the golf course. He said the university fitness center, which is for students, faculty and a limited

number of memberships to alumni in the community would not be run by government funds; it would be funded by student fees.

Steve Hulbert, Western Montana College, said that at Dillon the whole community uses the pool at the college, and speaking from the point of view of a small community this bill would be bad. He stated that they charge for pool lessons and that there are no other pool facilities in the town.

Keith Glaes, University of Montana, said there would be a limited number of alumni memberships. They don't plan to compete with the local clubs

Scott Henderson, Montana Parks and Recreation, said he is concerned with the broad definition of 'fitness centers', and would like section 3 and 2 struck from the bill.

Sarah Cobler, Associated Students, U of M, said she agrees with the intent of the bill but thinks the language is too broad. She stated that the University is not offering public memberships.

Rob Kingery, Helena Lions Swim Team, handed in his testimony. **EXHIBIT (bus15a04)** He said the swim team rents the city pool and it appears that would become illegal according to this bill. He is opposed to the broad based language as well as the intent of the bill.

Bill Johnston, Alumni Association, U of M, said the purpose of selling a limited number of memberships to dues paying alumni is to have them be interacting with the students.

Questions from Committee Members and Responses:

SENATOR VICKI COCCHIARELLA asked if there was an age limit on memberships.

Sandy Lawlor said that the lower age limit is age 16.

SENATOR COCCHIARELLA said that fitness clubs do not offer programs for kids and she wanted to see where this bill was narrowed down to allow public facilities for people.

SENATOR MAHLUM said this bill is not designed to prohibit facilities for the youth. He said that the intent of the bill was to say that the University could not go out and sell memberships to the general public.

SENATOR DON RYAN asked if this bill precludes the community from getting together to build a facility that meets the needs of the citizens.

SENATOR MAHLUM said the bill itself does not intend to do that.

CHAIRMAN TAYLOR said the facility at the University is paid by student funds and wanted to know if the repair and maintenance were to be paid by government funds.

Rod Sunstead said no, it would be paid by student fees.

SENATOR RYAN asked if this is just an evolution that the health clubs will have to adapt to, that they can't meet the needs of every member of the community.

Sandra Lawlor said they don't intend to meet the needs of every member of the community.

Closing by Sponsor:

SENATOR DALE MAHLUM, SD35, MISSOULA, said this bill needs some work to become a fair bill, he doesn't want to close off the community swimming pools or facilities for youth.

HEARING ON SB 121

Sponsor: **SENATOR DEBBIE SHEA, SD 18, BUTTE/SILVERBOW**

Proponents: **Jim Stipcich**
 Arlene Hannawalt, Montana Guaranteed Loan Program

Opponents: **None**

Opening Statement by Sponsor:

SENATOR DEBBIE SHEA, SD 18, BUTTE/SILVERBOW, said that the impetus for this bill came when the Technical Institute just up and left. She said it left students high and dry as far as their money and their credits. This bill would make the private institutions register with the Department of Commerce and require a \$50,000 surety bond. She stated that the bill also provides for civil and criminal penalties.

Proponents' Testimony:

Jim Stipcich, Students Assistance Program of Montana, said this bill would require institutions to post surety bonds to protect the public if it closes and is unable to address it's financial liabilities. He said that currently private institutions are not required to do any registration but he thinks all proprietary schools should be required to post a bond.

Arlene Hannawalt, Montana Guaranteed Loan Program, said they guarantee the lender that they will buy the loan if the student doesn't pay the loan. She also said they guarantee the student that if the educational institution closes without the student completing their study program the student's loan will be discharged in which case the taxpayer must pay the loan. In the past years three educational institutions have closed leaving a debt to the taxpayers and the students. **EXHIBIT (bus15a05)**

Opponents' Testimony: None

Informational witness: Annie Bartos, Department of Commerce said she is available to answer questions.

Questions from Committee Members and Responses:

CHAIRMAN TAYLOR asked how many students would the institution have in order to be required to buy the surety bonds.

Jim Stipich said it would be a sliding scale, the bond costing more the more students the institution has.

CHAIRMAN TAYLOR asked if this has been included in the Governor's budget.

SENATOR SHEA said no.

CHAIRMAN TAYLOR asked **Annie Baratos** if the numbers were correct; would the surety bond be enough to protect the student and was the funding adequate to take care of the bills request.

Annie Bartos said it would be enough.

Closing by Sponsor:

SENATOR DEBBIE SHEA, SD 18, BUTTE/SILVERBOW, said she didn't want to hurt the schools that are doing a good job, but does want to protect the students.

HEARING ON SB 195

Sponsor: SENATOR ED BUTCHER, SD 47, WINIFRED

Proponents: John Fitzpatrick, Touch America

Opponents: Mike Strand, MT Independent Telecommunications
Bill Squires, Blackfoot Family of Companies
Geoff Feiss, Mt. Telecommunications Association

Opening Statement by Sponsor:

SENATOR ED BUTCHER, SD 47, WINIFRED, said this bill would put some ground rules in for out of state businesses in Montana. The bill would require that phone service be sold in seconds, minutes, hours, not computer generated formulas.

EXHIBIT (bus15a06) EXHIBIT (bus15a07) EXHIBIT (bus15a08)

Proponents' Testimony:

John Fitzpatrick, Touch America, said he endorses the bill with the proposed amendments.

Opponents' Testimony:

Mike Strand, Montana Independent Telecommunications, said there are already a number of laws to protect against this behavior. The problem is in enforcement. He said that this bill is redundant.

Bill Squires, Blackfoot Family of Companies, said he agrees with Mike Strand and said that the Blackfoot sells 'block plans' for rural customers who want Easy Access to the nearest big city, and he fears this bill might limit their ability to do this.

Geoff Feiss, Mt. Telecommunications Association, said he does not support the bill or the amendments. He said the problem needs to be better defined before working on a solution.

Questions from Committee Members and Responses: None

Closing by Sponsor:

{Tape : 2; Side : B; Approx. Time Counter : 16.9}

SENATOR ED BUTCHER, SD 47, WINIFRED, said it is clear in the bill that they are talking in minutes, seconds, hours and even in the block plans they are selling in these increments.

ADJOURNMENT

Adjournment: 10:10 A.M.

SEN. MIKE TAYLOR, Chairman

KYANNE KELLY, Secretary

MT/KK

EXHIBIT (bus15aad)